THE POLITICAL ECONOMY OF COMMERCE SOUTHERN INDIA 1500–1650

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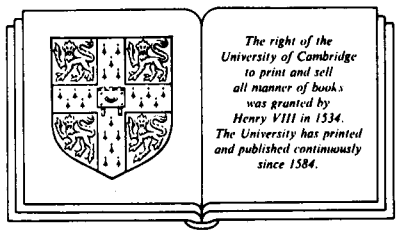

CAMBRIDGE UNIVERSITY PRESS
CAMBRIDGE
NEW YORK
PORT CHESTER MELBOURNE
SYDNEY

Published by the Press Syndicate of the University of Cambridge
The Pitt Building, Trumpington Street, Cambridge CB2 1RP
32 East 57th Street, New York, NY 10022, USA
10 Stamford Road, Oakleigh, Melbourne 3166, Australia

First published 1990

Printed in Great Britain by Redwood Burn Limited, Trowbridge, Wiltshire

British Library cataloguing in publication data

Subrahmanyam, Sanjay
The political economy of commerce: southern India
1500–1650 – (Cambridge South Asian studies)
1. India. Southern India. Commerce, 1500–1650
I. Title
380.1'0954'8

Library of Congress cataloguing in publication data

Subrahmanyam, Sanjay.
The political economy of commerce: southern India, 1500–1650
Sanjay Subrahmanyam.
p. cm.
"Based in large measure on a doctoral thesis, submitted to the University of Delhi in 1986" – Pref.
Bibliography.
Includes index.
ISBN 0-521-37180-5
1. India, South – Commerce – History – 16th century. 2. India. South – Commerce – History – 17th century. 3. India. South – Commercial policy – History – 16th century. 4. India, South – Commercial policy – History – 17th century. I. Title.
HF3786. S83 1989
380.1'0954'8—dc20

ISBN 0521371805

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INTRODUCTION

There are many today who would doubt whether the year 1498 marks the beginning of a wholly new epoch in the history of Asia, what the late K.M. Panikkar liked to term the 'Vasco da Gama epoch'.[1] As a general proposition, it would be far more acceptable to state that 1500 marks a sharp break in historiography, and that this is in large measure on account of the new sources for the writing of Asian history that make themselves available from the early sixteenth century on. The impact of these sources is particularly marked on that part of economic history which deals with the exchange economy, which is to say the study of trade. From the period of Afonso de Albuquerque, the historian has available to him an unusually rich collection of documents generated by the Portuguese presence in Asia. These tend to peter out somewhat in the third quarter of the sixteenth century, only to revive in the last twenty years of the century.

The arrival of the northwest Europeans in Asia at the turn of the seventeenth century adds still further to this corpus of documentation. The archives of the trading Companies, in particular the Dutch and the English, when taken together with the scattered Portuguese documentation, represent a formidable body of data on trade and related questions. Further, in contrast to the evidence from the sixteenth century, which is sporadic and somewhat unevenly distributed over time, the Company documentation of the seventeenth century is a far more orderly set, and is particularly valuable because of the consistent and routine manner in which it is generated, and also because a relatively large proportion has survived. In contrast, the destruction of large sections of the Portuguese archives on the sixteenth century leaves us a picture which is partial and not necessarily a representative sample of the whole. It is important to

[1] See K.M. Panikkar, *Asia and Western Dominance*, London, 1959, which commences with the assertion, 'The 450 years which began with the arrival of Vasco da Gama in Calicut (in 1498), and ended with the withdrawal of British forces from India in 1947 and of European navies from China in 1949, constitute a clearly marked epoch of history' (p. 13).

note too that on certain questions where the Portuguese documentation tells us very little – such as the history of prices in Asia – the Company archives are far more informative.

In the period prior to 1500, the writing of the history of the exchange economy rests in large measure on travellers' accounts, administrative manuals, contemporary memoirs, inscriptions and the like. These highly stylised sources, written more often than not in a self-conscious manner, are characterised by a rather different perspective from that of the European documentation discussed above. The problem of reconciling the perspectives of the former and the latter is thus a central problem in studying changes over a long term in the commercial world of Asia, whether treated in whole or part.

In the present study, of southern India from the early sixteenth to the mid seventeenth century, the sources that have been used largely restrict themselves to one broad category: the sources of the Europeans who arrived in Asia after 1500. In fact, for this period, the inscriptional evidence conventionally used by historians of southern India begins to run thin, so that the central place of the European sources is more or less indubitable. But it is equally beyond doubt that these sources carry with them certain concerns, and focus on some areas to the exclusion of others. Thus, while there is much information to be had on the exchange economy of the coastal plains, the interior of the peninsula was in the period of far less concern to the entities which generated these documents. Indeed, the earliest detailed European evidence on this aspect of the interior of southern India comes from the late eighteenth and early nineteenth century, when the English East India Company acquired political control over that region.

The limitations of available documentation are however a given, and represent largely unalterable constraints within which one must operate. The choice that is available is that of the questions one wishes to put to these sources. A study of the historiography of late pre-colonial Indian society and economy (which is to say of the sixteenth to the eighteenth centuries) shows the dominance of one particular issue: of the 'potentialities of capitalistic development' in the socio-economic formations of the time. The question is of necessity counterfactual, and the parameter that is manipulated is colonial rule. Thus, the issue when starkly posed is of whether the Indian sub-continent was, in part or whole, moving in the direction of a 'modern' capitalist framework when the colonial episode intervened. It should be stressed that the question is *necessarily*

counterfactual, since in reality we know that industrial capitalism, as well as capitalist agriculture on a widespread basis are to be found only after the late nineteenth century.

While the issue (or question) is unique, answers have been diverse, and have followed two broad strands. Irfan Habib, examining the question for Mughal India, argues that no such transformation was imminent, and that the economy of northern India as late as the eighteenth century showed no signs of moving in this direction.[2] His work was deliberately counterposed to that of Soviet scholars, in particular V. Pavlov and A.I. Chicherov. The latter's work, in sharp contrast to Habib's essay cited above, concluded that on the eve of colonial rule 'qualitatively new forms seem to have emerged in the economic structure of the handicrafts, agriculture and trade.'[3] He underlined the growing subordination of production to mercantile capital, and asserts that India was 'approaching the beginning of the manufactory stage in the development of capitalism within the framework of her generally feudal economy'. This was however not to be as the colonial stranglehold destroyed 'a large, if not the main, part of the nascent bourgeois elements ... by colonial subjugation and plunder.'[4]

The tyranny of the 'potentialities' issue is such that no other general issue of significance appears to survive in the literature of the period. The few exceptions to this rule that one encounters in recent literature, such as the writings of Frank Perlin, remain speculative as well as tenative in character, and are yet to be incorporated in an adequate fashion into the mainstream of writings on the pre-colonial economy and society of India.[5] At the outset of this study, it is necessary to stress that the 'potentialities' framework – though still commonly encountered in the literature – is not the one adopted here. This is fundamentally on methodological grounds. First, if one accepts the counterfactual, one accepts too a viewpoint which suggests that the colonial episode interrupted an organic process which was headed in another direction. Such a view is arbitrary, and

[2] Irfan Habib, 'Potentialities of capitalistic development in the economy of Mughal India', *The Journal of Economic History*, Volume XXIX (1) 1969, pp. 32–78.

[3] A.I Chicherov, *India: Economic Development in the 16th-18th Centuries*, Moscow, 1971, p. 230. Also see V. Pavlov, *Historical Premises for India's Transition to Capitalism*, Moscow, 1978.

[4] Chicherov, *India: Economic Development*, p. 237.

[5] Cf. Frank Perlin, 'Proto-industrialization and pre-colonial south Asia', *Past and Present*, Volume 98, 1983, pp. 30–95; also Perlin, 'Money-use in late pre-colonial India and the international trade in currency media', in J.F. Richards, ed., *Imperial Monetary System of Mughal India*, Delhi, 1987, pp. 232–373.

leads in turn to the false dichotomy that has come to characterise much recent literature, of continuity versus change between the pre-colonial and colonial economies. Secondly, and equally important, is that a counterfactual must, in order to be meaningful, consist of the controlled manipulation of a carefully defined set of variables. If the parameters that are changed are of gross dimensions, the alternative solutions generated would be highly diverse, and one has no means of choosing between them. In such an event, Tapan Raychaudhuri's suggestion that – in the absence of colonial rule – Gujarat, Coromandel, Malabar and Bengal would have become capitalist enclaves is as implausible or plausible as any.[6] In brief then, the counterfactual has too many imponderables to be at all useful.

The alternative strategy is to consider the *actual* place of trade in the regional economy, and to seek to answer some undoubtedly significant questions, namely of the importance of trade, demographic changes and technological and institutional modifications in the processes of the economy and society under consideration.[7] Where trade itself is concerned, several recent writings underline that commercial expansion in the period from roughly 1500 to 1750 was part of a broader conjuncture involving a diversity of economic and political processes, on account of which India came to be caught up in a broader pre-modern world economy. Some writers such as John F. Richards stress the place of 'great institutions' such as the Mughal Empire and the East India Companies in this conjunctural process,[8]

[6] Tapan Raychaudhuri, 'A reinterpretation of nineteenth century Indian economic history?', in Dharma Kumar, ed., *The Indian Economy in the Nineteenth Century: A Symposium*, Delhi, 1969, pp. 77–100, especially pp. 79–80. Indeed, the problem of 'potentialities of capitalistic development' has obsessed several historiographies over the last decade and a half. The issue of *The Journal of Economic History* with Habib's study (note 2) also contained the papers of Subhi Y. Labib, 'Capitalism in medieval Islam', pp. 79–96, and Halil Inalcik, 'Capital formation in the Ottoman Empire', pp. 97–139, which address much the same issue in other non-European contexts. In the case of China, we have Yeh-chien Wang, 'The Sprouts of capitalism in China', in Frederic Wakeman, ed., *Ming and Qing Historical Studies in the People's Republic of China*, Berkeley, 1980, pp. 96–103, and Mark Elvin, *The Pattern of the Chinese Past*, Stanford, 1973, esp. pp. 285–98, *passim;* most recently, a parallel study in the Indonesian context, Anthony Reid, 'The pre-colonial economy of Indonesia', *Bulletin of Indonesian Economic Studies*, Volume XX (2), August 1984, pp. 151–67, esp. pp. 161–4.

[7] This approach is thus in sympathy with some recent writings on south Asia, notably David Ludden, *Peasant History in South India*, Princeton, 1985, and more particularly the essays of Frank Perlin cited in note 5 above.

[8] John F. Richards, 'Mughal state finance and the pre-modern world economy', *Comparative Studies in Society and History*, Volume XXIII (2), 1981, pp. 285–308, especially p. 307–8. 'I have tried to establish schematically the conjuncture of forces – some familiar, some less so – which brought about a critical nexus between three of the largest, most complex, centralized organizations in the pre-modern

while others contrariwise attempt to trace far more basic interactions, of peasant societies in flux, growing money circulation, and a process of transformation which was subtle rather than glittering. A marked feature of some recent writings has been to see these changes, in which trade is thought to have a somehow profound role, as largely inchoate, and there is perceptible in these writings a certain reluctance to separate cause from effect, or even comment on the two.[9]

Earlier writings on trade, in contrast to the more recent essays, firmly placed stress on two causative functions of trade. First, there is the role of trade in promoting specific institutions, with the joint-stock company, and the manufactory or 'production under a single roof' being typical instances. Secondly, considerable stress was laid on the demand stimulus from trade, which it was argued led to the expansion of 'traditional' economies such as that of southern India. An early articulation of many of these ideas is to be found in Raychaudhuri's study on the Dutch Company in Coromandel in the seventeenth century. A typical instance of this manner of posing the problem occurs in the case of the advance system; Company trade is said to have led to the growth of cash advances, and to have promoted the subordination of the producer to mercantile capital.[10] In some of S. Arasaratnam's more recent work, it is even explicitly posited that prior to the arrival of the Companies, the Asian producer (specifically the textile weaver) had a precarious livelihood on account of the uncertain character of trade. It was only with the advent of European trade, he argues, that the textile producer ceases to be part-time cultivator and turns full time to his manufacturing occupation. Thus, they became 'price workers', employed on modified putting-out systems, with cash advanced instead of raw materials, finally emerging in the late eighteenth century (under the influence of colonial domination) as 'wage workers'.[11]

world [the English and Dutch Companies, the Mughal Empire]. The degree to which this nexus contributed to the profits and growth of all three of these organizations has not been generally recognized in the historical literature...'

[9] For a recent example of the 'conjuncture' thesis, see C.A. Bayly, 'State and economy in India over seven hundred years', *The Economic History Review* (Second Series), Volume XXXVII (4), 1985.

[10] T. Raychaudhuri, *Jan Company in Coromandel, 1605–1690: A Study in the Interrelations of European Commerce and Traditional Economies*, The Hague, 1962, pp. 214–15; also Chicherov, *India: Economic Development*, pp. 159–70. Perlin, 'Proto-industrialization', pp. 76–7, is somewhat uncritical in accepting this assertion.

[11] See S. Arasaratnam, 'Weavers, merchants and the company: the handloom industry in southeastern India, 1750–1790', *The Indian Economic and Social History Review* (henceforth *IESHR*), Volume XVII (3), 1980, pp. 257–81.

Not all the innovations promoted by European trade (which clearly bears the brunt in these formulations of the 'modernising' role in respect of the 'traditional economies') caught on though, and a signal example stressed by both Raychaudhuri and Arasaratnam is the joint-stock companies which the Companies introduced on Coromandel to bring together the financial resources of their brokers. The fact that these joint stocks did not percolate to other parts of the economy is thought by them to have been a missed opportunity.[12]

The quantitative impact of Company trade, setting off a boom in the manufacturing economy, is another central theme of Raychaudhuri's work. This is contrasted specifically, once again, against erratic and relatively ill-organised trade by other entities. More recently, Om Prakash and K.N. Chaudhuri too have stressed the demand stimulus (in quantitative terms) of Dutch and English Company trade in terms remarkably reminiscent of export-led growth.[13] The theoretical and empirical underpinnings of this construct are only now beginning to be questioned; one of the purposes of the present study is to criticise the theoretical foundations of this formulation, and to offer an alternative model of how external commerce might have interacted with the producing economy to produce a certain set of outcomes.

Yet, it would be a less than satisfactory procedure to rest content with mining the European documentary sources of the period for 'facts' with which to test this or that hypothesis. We must consider the documentation itself, the circumstances under which it was generated, and what it says not only in respect of the world it describes, but concerning the writers themselves. An earlier generation of historians, functioning within the paradigm of 'European expansion', tended to take literally the judgements of those who wrote from within the European factory, ship, or trading post. Historians like Panikkar and O.K. Nambiar attempted for their part to rewrite history by turning these judgements over on their heads, producing the image of an age dominated by the unreasoning cruelty of

[12] Raychaudhuri, *Jan Company*, pp. 147–8; S. Arasaratnam, 'Indian merchants and their trading methods, c. 1700', *IESHR*, Volume III (1), 1966, pp. 85–95. The limited value of the joint-stock companies issue is underlined in Joseph J. Brennig, 'Joint-stock companies of Coromandel', in B.B. Kling and M.N. Pearson, eds., *The Age of Partnership: Europeans in Asia Before Dominion*, Honolulu, 1979, pp. 71–96.

[13] K.N. Chaudhuri, *The Trading World of Asia and the English East India Company, 1660–1760*, Cambridge, 1978, p. 462, *passim*; Om Prakash, *The Dutch East India Company and the Economy of Bengal, 1630–1720*, Princeton, 1985.

expanding Europe.[14] Neither of these is a satisfactory procedure, and it is of some importance to understand the ambience within which this documentation was generated, which was neither one of 'western dominance', nor of a cordial 'partnership' between east and west. Instead, we shall argue, the age is probably best characterised as one of contained conflict, during which the power on sea of Europeans was systematically counterposed within a variety of contexts, to the power of Asian political structures.

It was also an age of high mortality and sudden death, where, in order to arrive in Asia from Europe, the European observers whose evidence we use had to pass nearly half a year in vessels where 'even when the weather remained fair, half the ship's complement might nevertheless perish'.[15] And once in Asia, hasty generalisations, which served to feed one's prejudices of the moment, were frequently made. The Florentine Piero Strozzi, was willing in 1510 to write of the Muslim merchants of Goa, 'We believe ourselves to be the most astute men that one can encounter, and the people here surpass us in everything. And there are Moorish merchants worth 400,000 to 500,000 ducats. And they can do better calculations by memory than we can do with the pen. And they mock us, and it seems to me they are superior to us in countless things, save with sword in hand, which they cannot resist'.[16] But other contemporaries or near-contemporaries had equally strong, and widely divergent, opinions. The Jesuit Alessandro Valignano, for his part, held Indians (as distinct from the 'white races' of China and Japan) to be little better than 'brute beasts', adding that 'a trait common to all these people is a lack of distinction and talent ... they are born to serve rather than command'.[17] This comment, made in 1577, was revised a few years later, when he declared the Japanese for their part to be 'the most dissembling and insincere people to be found anywhere'. Besides these, there were other widely held stereotypical beliefs – such as that the Burmese allowed clothes to rot and turn mouldy on their persons

[14] Cf. Panikkar, *Malabar and the Portuguese, 1500–1663*. Bombay, 1929; O.K. Nambiar, *The Kunjalis – Admirals of Calicut*, Bombay, 1963.

[15] Jonathan D. Spence, *The Memory Palace of Matteo Ricci*, New York, 1984, p. 67; and references therein; also George Masselman, *The Cradle of Colonialism*, New Haven, 1963, for the voyage on Dutch vessels.

[16] Cf. Sanjay Subrahmanyam, '"Um bom homen de tratar": Piero Strozzi, a Florentine in Portuguese Asia, 1510–1522', *Journal of European Economic History*, Volume XVI (3), 1987.

[17] Spence, *Matteo Ricci*, pp. 41–2; on Valignano, also see Donald F. Lach, *Asia in the Making of Europe*, Volume I (The century of discovery), Chicago, 1965, pp. 258–60, *passim*.

rather than take them off, that Persians were rude, overbearing and 'a nation haughty and self-regarding, beyond all other Indian nations', and that the banyans (*vanias*) were 'the most crafty and cunning nation in India, experts in knavery, marvellously fluent ... they are as exceedingly importunate and shameless as it is possible to describe'.[18]

These examples, chosen at random from a wide variety that one can identify, are often dismissed in the literature simply by declaring that a certain ethnocentricism pervades the European documentation of the epoch, or that the documents must be 'cleansed' of this veneer before one may gain access to the facts. But the veneer *itself* is of significance, and reveals to us a good deal about the persons who left behind their testimony, as well as about the circumstances under which this testimony was generated. Any exercise in using European documentation from the 'Age of Expansion' is thus of necessity an exercise in the history of mentalities, and, without an insight into the minds of our witnesses, we should understand very little of the period under consideration.[19]

This then forms the second, subsidiary, theme of this book, which will run parallel to the one already stated. Thus, on the one hand, the ebb and flow of trade, over land, along the coast, and across the oceans, will be traced, and linked to broader developments in the political economy of southern India between about 1500 and 1650; on the other hand, the relationship between the documentation used and the context within which it was generated will be examined, to comprehend how Europeans and Asians reacted to one another in this, still imperfectly understood, age. The exercise must begin however by a definition of the stage, and a summing up of received wisdom, and it is this task that the first chapter addresses.

[18] On Burma, see António Bocarro's, 'Livro das Plantas', in A.B. de Bragança Pereira ed., *Arquivo Português Oriental* (n.s), Tomo IV Volume II, Parte II, Goa, 1938; for the other comments, the 'Anonymous relation', attributable to Pieter Gilliesz van Ravesteyn, in W.H. Moreland, ed., *Relations of Golconda in the Early Seventeenth Century*, London, 1931, pp. 78, 82.

[19] The 'factual' approach adopted, for instance, in Lach's *Asia in the Making of Europe*, is thus of limited utility; nowhere is this clearer than in reading sixteenth century accounts such as that of Fernão Mendes Pinto, on whom see Lach, pp. 530–2, *passim*.